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UNCLAS SECTION 01 OF 02 HO CHI MINH CITY 001096

SENSITIVE
SIPDIS

STATE FOR EAP/MLS, USAID/ANE, EEB/TPP/BTA/ANA, OES/STC
USDOC FOR 4431/MAC/AP/OPB/VLC/HPPHO
USTR FOR BISBEE
TREASURY FOR CHUN

E.O. 12958: N/A

TAGS: [ECON](#) [EAGR](#) [ETRD](#) [EFIN](#) [SOCI](#) [PGOV](#) [PREL](#) [OTRA](#) [OVIP](#) [VM](#)
SUBJECT: VIETNAMESE FISH INDUSTRY COURTS CODEL BOSWELL

REF: A) HCMC 1075; B) HCMC 1092

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¶11. (SBU) Summary: During CODEL Boswell's visit to the Mekong Delta on December 18, GVN officials and business executives appealed for greater U.S.-Vietnamese cooperation on trade issues and emphasized the concerted efforts Vietnam has made toward improving food safety standards for its aquaculture products. Delegation members evaluated one leading fishery's commitment to food safety by touring its tra and basa ("catfish") processing plant, from the arrival of fish fresh off the boat to the final flash freezing. Overall, Members appeared impressed with conditions in the plant, though they raised some concerns about the plant's technical hygiene and safety standards, such as temperature at various points in the production chain. Vietnamese representatives noted that a significant portion of the feed inputs, products, training, and technology used in the aquaculture industry are from the U.S. -- further evidenced by a visit to a Cargill feed mill -- and urged the same fair treatment for Vietnamese products entering the United States.
End Summary.

The Case for Food Safety and Fair Treatment

¶12. (SBU) Chairman of the House Subcommittee on Livestock, Dairy, and Poultry, Leonard Boswell (D-IA), accompanied by House Agriculture Committee colleagues Robert Goodlatte (R-VA), Henry Cuellar (D-TX), Adrien Smith (R-NE), Steve King (R-IA), and a USDA Food Safety Inspection Service (FSIS) representative, Christopher Gould, visited Vietnam on December 17-19 to raise agriculture-related issues. In light of the possible changes to the way the United States regulates imported Vietnamese tra and basa, CODEL members heard an emphatic endorsement of Vietnam's aquaculture industry by GVN and business representatives at the Huong Vung Corporation in My Tho on December 18. The Deputy Minister for Agriculture and Rural Development (MARD), Luong Le Phuong, along with Director of the Ministry's seafood food-safety authority (NAFIQAD), emphasized the GVN's commitment to food safety that extends "from the farmer to the food on the table." Mr. Phuong said the agency has increased human resources and developed a solid technical infrastructure to ensure food quality, including six regional centers dedicated to quality control and the recent completion of a state-of-the-art national testing center. Mr. Phuong noted that the GVN's dedication to safety has earned Vietnam valued certifications of recognition by the European Union, Canada, and Korea.

¶13. (SBU) Pointing to a plate with American grapes and small, round Vietnamese longan fruit side by side, Secretary General of

the Vietnam Association of Seafood Exporters and Processors (VASEP), Truong Dinh Ho, offered the fruits as a symbol of the close relationship between the United States and Vietnam that he hopes will result in greater trade cooperation. Noting that the European Union is still the largest destination for the industry's 30 percent yearly expansion, Mr. Truong said he was disappointed that Vietnamese exporters are still subject to obstacles such as anti-dumping actions on imports into the United States and asked CODEL members to review these measures and consider giving Vietnamese products the same fair treatment that U.S. products in Vietnam receive.

One Industry Leader's Experience, First-Hand

¶4. (SBU) To further the point about fair treatment, Hung Vuong President Duong Ngoc Minh noted that half of the million metric tons of soybean meal (SBM) that Hung Vuong company uses for fish feed comes from U.S. producers. Although the company currently purchases most SBM through intermediaries in Singapore and Thailand, he said they would like to import directly from U.S. companies. (Note: In a separate prior meeting, Mr. Minh told ConGenOff that Hung Vuong's whole factory is based on American standards, most of the technology for its cold chain is from the United States and he intends to purchase another \$20 million of American equipment.) Hung Vuong Corporation, which became a joint stock company in 2007, is a leading producer and exporter of tra and basa products and also has interests in animal feed production, cold storage, and real estate, among others.

¶5. (SBU) Chairman Boswell told representatives that he was impressed by Vietnam's leading world position in aquaculture exports and commended the steps the GVN and producers have taken to improve food safety. To get a first-hand look at some of those efforts, CODEL toured the Hung Vuong fish processing plant. Each member donned protective gear, underwent disinfection, and walked through each stage of the labor-intensive fish production line. Afterwards, one

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delegation member noted a few potential concerns, such as the increased food safety risk posed by so many different people handling the fish, questions about cross-contamination of waste disposal and whether the temperatures were sufficiently cold. In contrast, however, another member stated that if the Hung Vuong plant is representative of all fish processing plants in the region, then Vietnam could probably hold its own in a U.S. Department of Agriculture equivalency review. (Note: Hung Vuong was chosen because of its convenient location. Many other fish processing plants that ConGenOffs have visited exceed the hygiene/safety standards of the Huong Vung plant.)

Road signs for the Two Way Street

¶6. (SBU) At the Cargill feed mill, CODEL Boswell observed how the 100 percent U.S.-invested company has established a strong presence in the Delta region as a leading supplier for fish feed, as well as training farmers. With a distribution chain that reaches far and wide, Cargill said its products are used in more than 10 million farms. Interestingly, although the feed mill imports more than fifty percent of its inputs and has utilized 1,000 tons of U.S. soybean meal since its opening, U.S.-imported SMB currently represent only a small portion of Cargill's total imports for fish feed since it is relatively expensive compared to Argentine and Indian SBM. Nevertheless, soy meal is one of the fast growing categories of U.S. exports to Vietnam, growing 491 percent in the first three quarters of 2008 (over the same period last year) to reach \$55 million, excluding the indirect shipments mentioned earlier.

¶7. (SBU) In addition to the roundtable dialogue and tour at Hung Vuong Corporation and the visit to the Cargill feed mill, CODEL toured a rice processing plant and observed some floating fish farms in the Mekong River. The prior day, delegation members met with the Vice Chairman of the Ho Chi Minh City People's Council and with members from the American Chamber of Commerce, where they learned more about the economic progress that Vietnam

has made and the challenges that remain.

Comment:

18. (SBU) Municipal and provincial officials have now raised U.S. "catfish" safety regulations with StaffDel Nelson (ref A), CoDel Baucus (ref B) and CoDel Boswell, the three congressional and staff delegations to visit the HCMC in the last two weeks. The GVN is particularly sensitive about fish and seafood processing because the industry employs two million workers (according to industry estimates), many in poor areas. With exports falling due to weak demand in Western Europe, Russia and Japan, Vietnam is trying to head off potential issues that could further depress exports. This also explains their great concern over the potential switch of U.S. food-safety oversight for tra and basa from FDA to what is widely accepted to be the more restrictive USDA/FSIS regime. One GVN strategy has been to emphasize the extent to which rapidly growing U.S. agriculture exports -- expected to reach \$1 billion for the first time this year, up from \$113 million just five years ago -- depend on Vietnam's access to U.S. markets. End comment.

19. (U) This cable was coordinated with Embassy Hanoi. CODEL Boswell did not have an opportunity to clear this message before departure from Post.

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